H-4652.2

SUBSTITUTE HOUSE BILL 2396

State of Washington 58th Legislature 2004 Regular Session

By House Committee on Agriculture & Natural Resources (originally sponsored by Representatives Linville, Kirby, Rockefeller, Lantz, Clibborn, Hunt, Quall, Wallace, Haigh, Miloscia, Wood and Moeller; by request of Governor Locke)

READ FIRST TIME 02/09/04.

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AN ACT Relating to instream flow; amending RCW 90.03.247, 90.82.080, 47.12.330, 90.42.080, 43.21B.110, 34.05.370, and 39.34.190; adding a new section to chapter 77.85 RCW; adding a new section to chapter 77.15 RCW; adding a new section to chapter 47.12 RCW; adding a new section to chapter 43.27A RCW; adding a new chapter to Title 90 RCW; and creating new sections.

7 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

NEW SECTION. Sec. 1. The legislature finds that the waters of the state are among the most valuable and fragile of the public's natural resources and that there is great concern throughout the state relating to their utilization, protection, restoration, and preservation. In addition, it finds that ever increasing pressures of additional consumptive uses are being placed on the rivers, streams, and ground waters, necessitating increased coordination in the management of the waters of the state for the benefit of people, farms, and fish.

The legislature finds that state programs, watershed plans, and similar water resource programs being developed across the state will include strategies to secure adequate water to meet the needs of people and the streamflow requirements for fish. It is therefore the intent

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of the legislature to direct state agencies to ensure that watershed programs are developed and implemented that achieve and protect instream flows.

To accomplish this objective, the legislature intends to:

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- (1) Commit the state to achieving and protecting instream flows statewide;
- (2) Identify streamflows that are needed to ensure a healthy watershed and establish these as instream flows;
- (3) Require the development of instream flow programs that identify and schedule the actions needed to achieve and protect instream flows;
- 11 (4) Build on the implementation of watershed plans and similar 12 programs where applicable, and make state agencies accountable to work 13 jointly with governments and water users to achieve and protect 14 instream flows; and
- 15 (5) Ensure adequate funding for state water management programs, 16 including for the public share of instream flow programs.
- NEW SECTION. Sec. 2. A new section is added to chapter 77.85 RCW to read as follows:
- 19 (1)(a) The independent science panel created under RCW 77.85.040 20 must provide guidance to the director of the department of ecology on 21 the following:
 - (i) Rules to be proposed by the department of ecology establishing detailed policies for setting instream flows under the criteria established by section 4(2) of this act;
 - (ii) Rules to be proposed by the department of ecology establishing detailed requirements for instream flow programs under the criteria established by section 5 of this act; and
 - (iii) Rules establishing instream flows for streams that are adopted after the effective date of this section and before the effective date of rules adopted under section 4(1)(b) of this act, regarding the consistency of the instream flows established by those rules with the detailed policies of the rules adopted under section 4(1)(b) of this act.
- 34 (b) If a rule establishing an instream flow established for a 35 mainstem river or key tributary in accordance with section 4(1)(a) of 36 this act is appealed to superior court, the independent science panel 37 must review the rule and provide an analysis of whether the rule is

consistent with the standards adopted by rule for instream flows under section 4(1)(b) of this act. The panel must submit its analysis to the department for placement in its rule-making file as authorized by RCW 34.05.370.

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- (c) If an instream flow program is appealed to the pollution control hearings board under section 6 of this act, the independent science panel must review the program and provide an analysis of whether the program is consistent with the standards for such programs established by rules adopted under section 5(2) of this act. The panel must submit its analysis to the pollution control hearings board under section 6(1)(b) of this act.
- (d) The independent science panel must provide the guidance required by (a)(i) of this subsection to the department before developing any other guidance under this section.
- (2) The independent science panel must also provide guidance to be used by the department of ecology in evaluating interim progress in implementing the instream flow programs approved under section 6 of this act and in reviewing a program for possible revision at the end of six years under section 6(4) of this act.
- (3) The independent science panel must expand its membership to provide the expertise to provide the guidance and reviews required under subsections (1) and (2) of this section. The panel must, by majority vote, recommend a list of up to six of the most qualified scientists as candidates to provide that expertise. Candidates must possess expertise in hydrology, fluvial geomorphology, fisheries biology, aquatic ecology, or a similar scientific discipline that confers expertise on instream flow. Among the candidates must be in who have expertise instream flow scientists methodologies. The panel must submit any such list to the governor, the speaker of the house of representatives, and the senate majority The speaker of the house of representatives and the senate majority leader may each remove one name from the list. The governor must consult with tribal representatives and must appoint two scientists from the remaining names on the list. The provisions of RCW 77.85.040 regarding members, including their terms, apply to the members appointed under this section except that these added members may act only with regard to the guidance required by this section. two members are added to the independent science panel under this

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- 1 section, the membership of the panel includes the members appointed
- 2 under this section only with regard to guidance to be provided under
- 3 this section.

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- 4 <u>NEW SECTION.</u> **Sec. 3.** The definitions in this section apply throughout this chapter unless the context clearly requires otherwise.
 - (1) "Department" means the department of ecology.
- 7 (2) "Instream flow program" means a program developed or to be 8 developed under sections 5 and 6 of this act.
 - (3) "Mainstem river" and "key tributary" mean a mainstem river and a key tributary identified by rule under section 4 of this act.
- 11 (4) "Watershed" means a water resource inventory area established 12 in chapter 173-500 WAC as it exists of the effective date of this 13 section.
 - NEW SECTION. Sec. 4. (1)(a) If a planning unit has received, by the effective date of this section, funding assistance from the department under RCW 90.82.040 for the establishment of instream flows for a mainstem river or key tributary under the procedures provided in RCW 90.82.080, the flows must be established by the deadlines provided in RCW 90.82.080. Instream flows must be adopted by the department by rule for all other mainstem rivers and their key tributaries in the state by 2010.
 - (b) By December 2006, the department must adopt by rule the standards that must be used in establishing instream flow rules that satisfy the criteria established by subsection (2) of this section. The department must submit any rules it intends to propose under this subsection to the independent science panel for guidance under section 2 of this act. The department must discuss with the panel its guidance and, if the panel and the department disagree as to the rules that should be proposed, the department must submit the disagreement to mediation. The rules implementing this subsection that are formally proposed by the department for adoption under chapter 34.05 RCW must be consistent with the outcome of the mediation.
 - (2) Instream flows established by rule after the effective date of this section must establish flow requirements for normal, low, and high water years that achieve hydrologic integrity, considering both the biology and hydrology of the watershed. For the purposes of this

subsection, "hydrologic integrity" means a streamflow that protects 1 2 biologic, hydrologic, and ecological functions. In identifying the flows to be established, the department must use generally accepted, 3 peer-reviewed methodologies. Such instream flows must incorporate the 4 5 current requirements regarding instream flows of any habitat conservation plan approved under the federal endangered species act (16 6 7 U.S.C. Sec. 1531 et seq.) or of a federal license for a hydroelectric power project issued under the federal power act (16 U.S.C. Sec. 791 et 8 seq.) within the watershed if the plan was approved or the license was 9 10 issued before the effective date of the rules adopted under subsection (1)(b) of this section. Such instream flows must incorporate the 11 current requirements regarding instream 12 flows of any conservation plan subsequently approved or revised under the federal 13 14 endangered species act or of a federal license for a hydroelectric power project subsequently issued or reissued under the federal power 15 act within the watershed to the extent those requirements are not 16 inconsistent with the provisions of this chapter. 17

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- (3) By July 2005 the department must adopt by rule a list of the mainstem rivers and their key tributaries for which instream flows must be adopted under this section. The key tributaries for the mainstem rivers include those important to the protection of fish and other instream environmental values. The department of fish and wildlife must develop, in consultation with affected Indian tribes, planning units under chapter 90.82 RCW, and local groups conducting planning for the department under RCW 90.54.040(1), a list of the key tributaries to the mainstem rivers and must provide the list to the department for its rule making. Following the adoption of the list and until an instream flow program is approved under section 6 of this act for the watershed containing a mainstem river or key tributary on the list, no water right permits may be issued by the department for new withdrawals of water from the mainstem river or key tributary except such permits as are required for the public health or safety or for proposals that benefit streamflows or have no net effect on streamflows.
- (4) This section may not be construed as automatically requiring the adoption of new instream flows for any stream for which minimum instream flows are in effect under chapter 90.22 RCW or for which base flows are in effect under chapter 90.54 RCW prior to the effective date of this section. However, once rules have been adopted establishing

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standards for instream flows under subsection (1) of this section, the department must review by 2010 each of the existing minimum instream flow or base flow rules to determine whether the streamflow requirements of those rules satisfy the standards adopted under subsection (1) of this section and must revise the rules as necessary to bring them into conformity with the standards.

- (5) Once the instream flow requirements established by rule for a watershed have been achieved for a period of five years, the department must review those requirements to determine whether the hydrologic integrity sought in establishing the requirements has also been achieved. If it has not, the rules must be revised. After the initial review under this subsection of the instream flows established under this chapter, the department must review all such flows for possible revision under a schedule that will provide such a review for all watersheds every ten years.
- (6) As used in this chapter and chapters 90.22 and 90.54 RCW, the terms "minimum instream flows," "base flows," and "instream flows" are synonymous except that such flows adopted by the department after the effective date of this section must be referred to as instream flows.
- NEW SECTION. Sec. 5. (1) An instream flow program must be prepared, approved, and implemented for each watershed in the state.
 - (2) The department must adopt rules establishing minimum requirements for instream flow programs. The rules must require each instream flow program to specify:
 - (a) The actions to be taken to achieve the instream flow requirements established for mainstem rivers and their key tributaries in the watershed and the estimated amount of water to be provided to streamflows from each such action;
 - (b) Timelines for taking the actions and for achieving the flows;
 - (c) An entity or entities responsible for taking each action;
 - (d) Benchmarks to be used to measure the progress in achieving the instream flows;
- 33 (e) Actions that will be taken in the near term, upon the approval 34 of the program, and actions that will be taken to make ongoing 35 improvements to secure progress over time. When instream flows are not 36 achieved, priority must be given to actions that place the most water 37 in the stream in the near term;

- 1 (f) How the benchmarks provided by section 10(1) of this act will 2 be met;
 - (g) Monitoring that will be conducted to measure progress;

- (h) Actions to be taken any time a drought order is issued under RCW 43.83B.405 for the watershed;
- (i) Funding required to implement the program and the sources of that funding;
- (j) Contingency actions that are to be taken if progress in achieving the instream flows established by rule is not made as specified in the timelines and benchmarks; and
- (k) How the program will be reviewed and altered as a part of adaptive management as necessary.
- (3) Each instream flow program must incorporate the current requirements regarding instream flows of any habitat conservation plan approved under the federal endangered species act (16 U.S.C. Sec. 1531 et seq.) or of a federal license for a hydroelectric power project issued under the federal power act (16 U.S.C. Sec. 791 et seq.) within the watershed if the plan was approved or the license was issued before the effective date of the rules adopted under section 4(1)(b) of this act. Such a program must incorporate the current requirements regarding instream flows of any habitat conservation plan subsequently approved or revised under the federal endangered species act or of a federal license for a hydroelectric power project subsequently issued or reissued under the federal power act within the watershed to the extent those requirements are not inconsistent with the provisions of this chapter.
- (4) Each instream flow program must also contain: A summary of current information and an analysis of the effect of land use on streamflows, an identification of gaps in the information, and an assessment program to fill those gaps; a summary of existing and planned water use conservation and efficiency programs and projects; and an assessment program for determining the water conservation potential within the watershed.
- (5) The department must identify how such progress in achieving the instream flows for a stream is to be reported to the department. Beginning in 2008, the department must report to the governor and legislature by December 31st of each even-numbered year on the progress made in achieving and maintaining instream flows in the watersheds of

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1 the state and whether the timelines and benchmarks identified in the

2 instream flow programs are being met. For any watersheds in which such

- 3 timelines and benchmarks are not being met, the report must identify
- 4 the actions that will be taken to meet those timelines and benchmarks.
- 5 Reports through 2012 must identify the watersheds for which such
- 6 programs have been developed and adopted and those for which they have
- 7 not.

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- 8 (6) The departments of ecology and fish and wildlife must jointly
- 9 develop a programmatic environmental impact statement under chapter
- 10 43.21C RCW for the rules required under this section. The statement
- 11 must include an environmental review of the various types of actions
- 12 that might be proposed in an instream flow program.
- NEW SECTION. Sec. 6. (1)(a) An instream flow program that 13 satisfies the requirements of section 5 of this act and this section 14 must be approved for a watershed within one year of the date instream 15 16 flows are established by rule for all of the mainstem rivers and their 17 key tributaries in the watershed under this chapter. If a minimum instream flow or base flow has been adopted by rule under chapter 90.54 18 or 90.22 RCW prior to the effective date of this section for a mainstem 19 20 river or its key tributaries, such a program for the watershed containing the stream must be developed within one year of the date 21 22 rules for establishing instream flows are adopted under section 4(1) of 23 this act unless the flow adopted by rule is to be revised under section 24 4(3) of this act. If the instream flows are to be revised, an instream flow program that satisfies the requirements of section 5 of this act 25 26 and this section must be approved within one year of the effective date 27 they are revised.
 - (b) Each instream flow program developed under section 5 of this act and this section must be submitted to the department of ecology and to the department of fish and wildlife. The departments must review, in consultation with the departments of health and community, trade, and economic development, the programs for compliance with the requirements established by rule for the programs by the department of ecology. Activities and actions that are consistent with natural hydraulic conditions and that minimize the disruption of those conditions must be preferred over those that do not. The key elements of the review must be the answers to the following questions: Is the

deadline for achieving streamflows that satisfy the instream flow rule 1 2 requirements reasonable; and will conducting the activities specified in the program result in achieving those flows by the deadline? 3 approving or conditionally approving a program, the departments must 4 identify the activities and actions specific to the watershed governed 5 by the program that the departments will take to assist in the 6 By an action taken jointly, the 7 implementation of the program. department of ecology and the department of fish and wildlife must 8 approve, conditionally approve, or disapprove such a program based on 9 10 its compliance with the department of ecology's rules. The failure of the departments to take such an action jointly within ninety days of 11 12 the date a program is submitted to the department of fish and wildlife 13 under this subsection constitutes a disapproval of the program. 14 approval, conditional approval, or disapproval is subject to appeal to the pollution control hearings board under chapter 43.21B RCW. 15 16 addition to the appeal requirements of chapter 43.21B RCW, a copy of 17 the notice of such an appeal must be submitted to the independent science panel created under RCW 77.85.040. The panel must review the 18 appealed program as provided in section 2(1) of this act and submit its 19 analysis to the pollution control hearings board. 20

(c) As part of their review of each instream program submitted to the departments of ecology and fish and wildlife, the departments must, following public notice, jointly conduct a public hearing on the program.

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- (d) For purposes of compliance with chapter 43.21C RCW, the departments of ecology and fish and wildlife are designated as colead agencies for conducting environmental review of proposed instream flow programs.
- (2)(a) A planning unit that has conducted planning in a watershed under chapter 90.82 RCW may choose to develop an instream flow program for the watershed jointly with the department under this chapter. To jointly develop the program, the planning unit must notify the department within three months of the date instream flows are established by rule for a mainstem river or its key tributaries in the watershed of its intention to do so. If an instream flow program is not to be developed jointly by the department and such a planning unit for a watershed, such a program must be developed for the watershed

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under this chapter as a segment of a comprehensive state water resources program under RCW 90.54.040(1) and this chapter.

- (b) An instream flow program developed under RCW 90.54.040(1) must be developed by the department jointly with or through the advice of a local group of citizens that represents at least the wide range of interests referred to for conducting planning under chapter 90.82 RCW. The department may select such a local group to develop an instream flow program for a watershed jointly with the department from among the groups that have petitioned it to do so within three months of the date instream flows are established by rule for a mainstem river and its key tributaries in the watershed. If no qualifying local group so petitions for a watershed, the department must develop the instream flow program and must appoint such a local group to advise the department in its development.
- (3) If a planning unit notified the department of its intention to jointly develop an instream flow program for a watershed or if a local group of citizens was, as the result of a petition, designated by the department to jointly develop a program for a watershed, but a program that satisfies the requirements of section 5 of this act is not developed and submitted to the department and the department of fish and wildlife within one year of the date instream flows are adopted by rule for a mainstem river and its key tributaries within the watershed, the department must develop an instream flow program for the watershed with the advice of a local group of citizens within the following year.
- (4) Each instream flow program must be reviewed and modified as needed every six years after it is initially approved. However, beginning in 2017, reviews and updates of programs must be done in concert with land use plan updates in a watershed.
- (5) A local group of citizens developing or providing advice for the development of an instream flow program under this chapter must consider any recommendations for priority actions provided by the department of fish and wildlife under section 13 of this act.
- 33 <u>NEW SECTION.</u> **Sec. 7.** If an instream flow program has been 34 approved or conditionally approved for a watershed under section 6 of 35 this act, the department of transportation may expend funds for 36 environmental mitigation as provided in section 17 of this act.

NEW SECTION. Sec. 8. (1) To achieve instream flows or otherwise to implement the provisions of an instream flow program, the department may:

- (a) Provide departmental resources for and adopt rules facilitating voluntary agreements for sharing the use of water that have been developed through or as part of watershed plans developed and approved under chapter 90.82 RCW, regional water initiatives conducted under RCW 90.54.040(1), habitat conservation plans approved under the federal endangered species act (16 U.S.C. Sec. 1531 et seq.), trust water agreements under chapter 90.38 or 90.42 RCW, or watershed agreements under RCW 90.03.590;
- (b) Expend funds to purchase or lease water rights or to secure low water easements or other interests in water rights;
- (c) Provide financial assistance to water right holders for projects or activities that conserve the use of water under a water right as long as the portion of the net water savings, as defined in RCW 90.38.010, derived from the portion of the funding provided by the department for the project or activity is placed in the trust water program of chapter 90.38 or 90.42 RCW and dedicated to instream flows for the life of the project or activity;
- (d) Provide funding for water conveyance infrastructure projects that benefit instream flows, including but not limited to those projects that substitute one source of water for another or provide for the conjunctive use of water rights;
 - (e) Provide funding for multipurpose water storage projects.
- (2) The department may redirect or prioritize the use of any capital or operating moneys appropriated to the department for administrative purposes or for the department's water resources program, not including water quality programs, to use for establishing instream flows or developing or approving instream flow programs.
- (3) The department may prioritize its compliance activity regarding water rights and the unauthorized use of water to emphasize compliance in areas governed by a drought emergency order issued under RCW 43.83B.405 or in a watershed for which instream flows are required under section 4 of this act but have not yet been established by rule.
- (4) By December 1, 2004, the department must recommend to the legislature and the governor tax incentives for water conservation

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- 1 projects or activities. The recommendation must include the
- 2 implementing legislation in bill form.

- NEW SECTION. Sec. 9. (1) In determining where to concentrate the use of departmental resources for reviewing and approving applications for permits for new appropriations of water, the department must give priority to such applications in watersheds for which an instream flow program has been approved under section 6 of this act and in which the timelines and milestones identified in the program are being met.
- (2) The variations in the flow level requirements in an instream flow rule for a stream that reflect seasonal and climatic variations must be used by the department in determining whether to approve applications for new water use permits or for transfers, changes, or amendments of existing water rights in the watersheds.
- NEW SECTION. Sec. 10. (1) The department, in consultation with the department of fish and wildlife, must review each approved or conditionally approved instream flow program every two years to assess whether there is reasonable progress in complying with the requirements of the program and the timelines established in the program. In watersheds currently meeting the instream flows established by rule for the watershed, the program must describe those actions that will be taken to ensure that the required instream flow will continue to be met. In watersheds not currently meeting the instream flows established by rule for the watershed, the instream flows must be achieved as soon as practicable, but no later than eight years after the approval of the instream flow program for the watershed, unless this deadline is extended under subsection (2) of this section. Reasonable progress in achieving instream flows is demonstrated by the following benchmarks:
 - (a) At year two of implementation, scheduled actions have been taken, pending actions are on schedule for implementation, and initial improvement to instream flows has occurred;
 - (b) At years four and six of implementation, significant progress in achieving and protecting instream flows has occurred, and it is determined that current and planned actions are likely to achieve the instream flows established by rule within the established timeline. If

it is determined that current and planned actions are not likely to achieve the instream flows, supplemental actions must be identified to achieve the instream flows; and

- (c) At year eight of the program, instream flows have been achieved, except as provided in subsection (2) of this section.
- (2) Extensions to the eight-year deadline provided by subsection (1)(c) of this section may be granted by the department, but are not favored and may be granted only under extraordinary circumstances. Extensions may not be granted where watershed or stream conditions are poor, which includes but is not limited to situations where water quality standards as established under chapter 90.48 RCW are not being met, aquatic species are listed under the federal endangered species act, or aquatic species are listed on the state salmon and stock inventory as critical or depressed. Further, it must be demonstrated at the time of initial approval by the state, and at the required two, four, and six-year reviews, that there is a high likelihood that the proposed actions being relied on to achieve instream flows will be fully funded and effective.
 - (3) If the instream flow program for a watershed does not achieve the instream flows established by rule for the watershed by the eight-year deadline provided by subsection (1)(c) of this section or the extended deadline provided by subsection (2) of this section, or if, during the two, four, or six-year review of the program, the department finds that the timelines and benchmarks in the program are not met, the department and the department of fish and wildlife must take such supplementary actions as are needed to satisfy the timelines and benchmarks to achieve and protect such flows through the use of any and all tools available under law, including but not limited to the following legal authorities:
 - (a) Chapters 43.27A, 90.03, 90.14, 90.22, 90.44, and 90.54 RCW;
 - (b) Chapter 90.48 RCW; and

- (c) Chapters 43.21C, 36.70A, and 90.58 RCW.
- (4) Any person may file an action in Thurston county superior court or the superior court for the county in which the affected watershed exists against the director of the department or the director of the department of fish and wildlife, or both such directors, for the director's department's alleged failure to perform any of the following:

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- 1 (a) Meet the deadlines provided by this chapter or chapter 90.82 2 RCW for establishing instream flows by rule;
- 3 (b) Meet the deadline provided by this chapter for approving or developing an instream flow program for a watershed;
 - (c) Implement the responsibilities of the department specified in an approved instream flow program; and
- 7 (d) Implement the provisions of this section or section 11 of this 8 act.
- 9 <u>NEW SECTION.</u> **Sec. 11.** (1) By 2006, the department, in consultation with the departments of fish and wildlife and health, must implement the following programs on a statewide basis to support the successful implementation of instream flow programs:
 - (a) Publicly accessible information including access to a web site providing data on streamflows and water use;
 - (b) Water rights acquisition, water conservation funding, and changes in water conveyance to benefit instream flows, including those authorized by section 8(1) of this act;
 - (c) Drought response;

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- (d) A water code compliance program; and
- 20 (e) A mediation program and other means to facilitate voluntary 21 shared use agreements and other cooperative mechanisms to achieve 22 instream flows.
 - (2) If the department finds as part of a two-year review under section 10(1) of this act that interim timelines and benchmarks are not being met in a watershed, the department must, as its initial response, prepare and distribute technical assistance and educational information to the general public in the watershed to assist the public in complying with the requirements of their water rights and applicable water laws and to the general public and the units of local government in the watershed to assist them in implementing adaptive management strategies for meeting future timelines and benchmarks.
- 32 **Sec. 12.** RCW 90.03.247 and 2003 c 39 s 48 are each amended to read 33 as follows:
- Whenever an application for a permit to make beneficial use of public waters is approved relating to a stream or other water body for which minimum flows or levels have been adopted and are in effect at

the time of approval, the permit shall be conditioned to protect the 1 2 levels or flows. No agency may establish minimum flows and levels or similar water flow or level restrictions for any stream or lake of the 3 state other than the department of ecology whose authority to establish 4 5 is exclusive, as provided in chapter 90.03 RCW and RCW 90.22.010 and 90.54.040. The provisions of other statutes, including but not limited 6 7 to RCW 77.55.100 and chapter 43.21C RCW, may not be interpreted in a manner that is inconsistent with this section. 8 In establishing such minimum flows, levels, or similar restrictions, the department shall, 9 10 during all stages of development by the department of ecology of minimum flow proposals, consult with, and carefully consider the 11 12 recommendations of, the department of fish and wildlife, the department 13 of community, trade, and economic development, and the department of 14 agriculture, and, regarding such flows and instream flow programs proposed for approval under section 6 of this act, representatives of 15 the affected Indian tribes. Nothing herein shall preclude the 16 17 department of fish and wildlife, the department of community, trade, and economic development, or the department of agriculture from 18 presenting its views on minimum flow needs at any public hearing or to 19 20 any person or agency, and the department of fish and wildlife, the 21 department of community, trade, and economic development, and the 22 department of agriculture are each empowered to participate in proceedings of the federal energy regulatory commission and other 23 24 agencies to present its views on minimum flow needs.

NEW SECTION. Sec. 13. A new section is added to chapter 77.15 RCW to read as follows:

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The department must recommend to a planning unit or local group of citizens preparing an instream flow program for a watershed under section 6 of this act and to the department of ecology the priority watersheds, tributaries, and stream reaches that require earlier attention in an instream flow program.

- 32 <u>NEW SECTION.</u> **Sec. 14.** Sections 3 through 11 of this act 33 constitute a new chapter in Title 90 RCW.
- 34 **Sec. 15.** RCW 90.82.080 and 2003 1st sp.s. c 4 s 4 are each amended to read as follows:

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(1)(a) If the initiating governments choose, by majority vote, to include an instream flow component, it shall be accomplished in the following manner:

- (i) If minimum instream flows have already been adopted by rule for a stream within the management area, unless the members of the local governments and tribes on the planning unit by a recorded unanimous vote request the department to modify those flows, the minimum instream flows shall not be modified under this chapter. If the members of local governments and tribes request the planning unit to modify instream flows and unanimous approval of the decision to modify such flow is not achieved, then the instream flows shall not be modified under this section;
- (ii) If minimum streamflows have not been adopted by rule for a stream within the management area, setting the minimum instream flows shall be a collaborative effort between the department and members of the planning unit. The department must attempt to achieve consensus and approval among the members of the planning unit regarding the minimum flows to be adopted by the department. Approval is achieved if all government members and tribes that have been invited and accepted on the planning unit present for a recorded vote unanimously vote to support the proposed minimum instream flows, and all nongovernmental members of the planning unit present for the recorded vote, by a majority, vote to support the proposed minimum instream flows.
- (b) The department shall undertake rule making to adopt flows under (a) of this subsection. The department may adopt the rules either by the regular rules adoption process provided in chapter 34.05 RCW, the expedited rules adoption process as set forth in RCW 34.05.353, or through a rules adoption process that uses public hearings and notice provided by the county legislative authority to the greatest extent possible. Such rules do not constitute significant legislative rules as defined in RCW 34.05.328, and do not require the preparation of small business economic impact statements.
- (c) If approval is not achieved within four years of the date the planning unit first receives funds from the department for conducting watershed assessments under RCW 90.82.040, the department ((may)) must promptly initiate rule making under chapter 34.05 RCW to establish flows for those streams and shall have two additional years to

establish the instream flows for those streams for which approval is not achieved.

- (2)(a) Notwithstanding RCW 90.03.345, minimum instream flows set under this section for rivers or streams that do not have existing minimum instream flow levels set by rule of the department shall have a priority date of two years after funding is first received from the department under RCW 90.82.040, unless determined otherwise by a unanimous vote of the members of the planning unit but in no instance may it be later than the effective date of the rule adopting such flow.
- (b) Any increase to an existing minimum instream flow set by rule of the department shall have a priority date of two years after funding is first received for planning in the WRIA or multi-WRIA area from the department under RCW 90.82.040 and the priority date of the portion of the minimum instream flow previously established by rule shall retain its priority date as established under RCW 90.03.345.
- (c) Any existing minimum instream flow set by rule of the department that is reduced shall retain its original date of priority as established by RCW 90.03.345 for the revised amount of the minimum instream flow level.
- (3) Before setting minimum instream flows under this section, the department shall engage in government-to-government consultation with affected tribes in the management area regarding the setting of such flows.
- (4) Nothing in this chapter either: (a) Affects the department's authority to establish flow requirements or other conditions under RCW 90.48.260 or the federal clean water act (33 U.S.C. Sec. 1251 et seq.) for the licensing or relicensing of a hydroelectric power project under the federal power act (16 U.S.C. Sec. 791 et seq.); or (b) affects or impairs existing instream flow requirements and other conditions in a current license for a hydroelectric power project licensed under the federal power act.
- (5) If the planning unit is unable to obtain unanimity under subsection (1) of this section, the department ((may)) must adopt rules setting such flows.
- (6) The department shall report annually to the appropriate legislative standing committees on the progress of instream flows being set under this chapter, as well as progress toward setting instream

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- 1 flows in those watersheds not being planned under this chapter. The
- 2 report shall be made by December 1, 2003, and by December 1st of each
- 3 subsequent year.

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4 **Sec. 16.** RCW 47.12.330 and 1998 c 181 s 2 are each amended to read 5 as follows:

For the purpose of environmental mitigation of transportation projects, the department may acquire or develop, or both acquire and develop, environmental mitigation sites and water management programs in advance of the construction of programmed projects. "advanced environmental mitigation" means mitigation of adverse impacts upon the environment from transportation projects before their design and construction. Advanced environmental mitigation consists of the acquisition of property; the acquisition of property, water, or air rights; the development of property for the purposes of improved environmental management; engineering costs necessary for such purchase and development; and the use of advanced environmental mitigation sites and water management programs to fulfill project environmental permit requirements. Advanced environmental mitigation must be conducted in a manner that is consistent with the definition of mitigation found in the council of environmental quality regulations (40 C.F.R. Sec. 1508.20) and the governor's executive order on wetlands (EO 90-04). Advanced environmental mitigation is for projects approved by the transportation commission as part of the state's six-year plan or included in the state highway system plan. Advanced environmental mitigation must give consideration to activities related to fish passage((-)) and fish habitat including but not limited to instream flows for streams in the watershed in which the project is in whole or in part located, wetlands, and flood management.

Advanced environmental mitigation may also be conducted in partnership with federal, state, or local government agencies, tribal governments, interest groups, or private parties. Partnership arrangements may include joint acquisition and development of mitigation sites, purchasing and selling mitigation bank credits among participants, and transfer of mitigation site title from one party to another. Water rights secured for instream flows must be placed in the trust water rights program of chapter 90.38 or 90.42 RCW and dedicated

to instream flows. Specific conditions of partnership arrangements will be developed in written agreements for <u>each other form of mitigation for</u> each applicable environmental mitigation site.

As used in this section, a "water management program" includes water rights, water infrastructure, and other water programs that mitigate the project's effects and helps to implement an instream flow program approved under section 6 of this act.

8 <u>NEW SECTION.</u> **Sec. 17.** A new section is added to chapter 47.12 RCW 9 to read as follows:

If an instream flow program has been approved or conditionally approved under section 6 of this act for a watershed and the department is to provide mitigation or advanced mitigation for a project that is located in the watershed, the department shall provide that mitigation in a manner that implements or assists in implementing the instream flow program. If the department is to provide mitigation or advanced mitigation for a project that is located in more than one watershed, the department shall, to the maximum extent possible, concentrate its mitigation efforts for the project as a whole by providing mitigation that implements or assists in implementing the instream flow program or programs that have been approved or conditionally approved under section 6 of this act for any of the watersheds in which the project is located.

As used in this section, "watershed" means a water resource inventory area established in chapter 173-500 WAC as it exists of the effective date of this section.

NEW SECTION. Sec. 18. A new section is added to chapter 43.27A RCW to read as follows:

(1) In order to prevent or remedy the impairment of a water right embodied in an instream flow rule or held by the state as a trust water right, the department is authorized to bring an appropriate action at law or in equity, including seeking injunctive relief, in a state superior court, as it may deem necessary. Such an action must be initiated in the superior court of the county where the point or points of diversion or withdrawal of the water right or rights are located. If the points of diversion or withdrawal are located in more than one county, the department may bring the action in a county where a point

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- of diversion or withdrawal is located. Notwithstanding the general adjudication procedures in RCW 90.03.110 through 90.03.245 and 90.44.220, the superior court shall make findings and a determination of the validity and priority of the water rights held by the parties as needed to address any impairment of water rights. The superior court shall issue any necessary orders to implement its findings and determination, including injunctive relief, that it determines is necessary to regulate among the water rights.
 - (2) Nothing in this section authorizes the department or the superior court to accomplish a general adjudication of water rights proceeding or the substantial equivalent of a general adjudication of water rights. The exclusive procedure for accomplishing a general adjudication of water rights is under RCW 90.03.110 through 90.03.245 or 90.44.220.
- 15 (3) This section does not in any way modify regulatory powers 16 previously placed with the department before the effective date of this 17 section.
- **Sec. 19.** RCW 90.42.080 and 2002 c 329 s 9 are each amended to read 19 as follows:
 - (1)(a) The state may acquire all or portions of existing water rights, by purchase, gift, or other appropriate means other than by condemnation, from any person or entity or combination of persons or entities. Once acquired, such rights are trust water rights. A water right acquired by the state that is expressly conditioned to limit its use to instream purposes shall be administered as a trust water right in compliance with that condition.
 - (b) If the holder of a right to water from a body of water chooses to donate all or a portion of the person's water right to the trust water system to assist in providing instream flows on a temporary or permanent basis, the department shall accept the donation on such terms as the person may prescribe as long as the donation satisfies the requirements of subsection (4) of this section and the other applicable requirements of this chapter and the terms prescribed are relevant and material to protecting any interest in the water right retained by the donor. Once accepted, such rights are trust water rights within the conditions prescribed by the donor.

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(2) The department may enter into leases, contracts, or such other arrangements with other persons or entities as appropriate, to ensure that trust water rights acquired in accordance with this chapter may be exercised to the fullest possible extent.

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- (3) Trust water rights may be acquired by the state on a temporary or permanent basis.
- (4) A water right donated under subsection (1)(b) of this section shall not exceed the extent to which the water right was exercised during the five years before the donation nor may the total of any portion of the water right remaining with the donor plus the donated portion of the water right exceed the extent to which the water right was exercised during the five years before the donation. A water right holder who believes his or her water right has been impaired by a trust water right donated under subsection (1)(b) of this section may request that the department review the impairment claim. If the department determines that exercising the trust water right resulting from the donation or exercising a portion of that trust water right donated under subsection (1)(b) of this section is impairing existing water rights in violation of RCW 90.42.070, the trust water right shall be altered by the department to eliminate the impairment. Any decision of the department to alter or not to alter a trust water right donated under subsection (1)(b) of this section is appealable to the pollution control hearings board under RCW 43.21B.230. A donated water right's status as a trust water right under this subsection is not evidence of the validity or quantity of the water right.
- (5) The provisions of RCW 90.03.380 and 90.03.390 do not apply to donations for instream flows described in subsection (1)(b) of this section, but do apply to other transfers of water rights under this section.
- (6) ((No funds may be expended for the purchase of water rights by the state pursuant to this section unless specifically appropriated for this purpose by the legislature.
- (7)) Any water right conveyed to the trust water right system as a gift that is expressly conditioned to limit its use to instream purposes shall be managed by the department for public purposes to ensure that it qualifies as a gift that is deductible for federal income taxation purposes for the person or entity conveying the water right.

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 $((\frac{8}{1}))$ If the department acquires a trust water right by 1 2 lease, the amount of the trust water right shall not exceed the extent to which the water right was exercised during the five years before the 3 acquisition was made nor may the total of any portion of the water 4 5 right remaining with the original water right holder plus the portion of the water right leased by the department exceed the extent to which 6 7 the water right was exercised during the five years before the acquisition. A water right holder who believes his or her water right 8 has been impaired by a trust water right leased under this subsection 9 10 may request that the department review the impairment claim. department determines that exercising the trust water right resulting 11 12 from the leasing or exercising of a portion of that trust water right 13 leased under this subsection is impairing existing water rights in 14 violation of RCW 90.42.070, the trust water right shall be altered by the department to eliminate the impairment. Any decision of the 15 16 department to alter or not to alter a trust water right leased under 17 this subsection is appealable to the pollution control hearings board under RCW 43.21B.230. The department's leasing of a trust water right 18 under this subsection is not evidence of the validity or quantity of 19 the water right. 20

 $((\frac{(9)}{)})$ (8) For a water right donated to or acquired by the trust water rights program on a temporary basis, the full quantity of water diverted or withdrawn to exercise the right before the donation or acquisition shall be placed in the trust water rights program and shall revert to the donor or person from whom it was acquired when the trust period ends.

- 27 **Sec. 20.** RCW 43.21B.110 and 2003 c 393 s 19 are each amended to 28 read as follows:
- 29 (1) The hearings board shall only have jurisdiction to hear and 30 decide appeals from the following decisions of the department, the 31 director, local conservation districts, and the air pollution control 32 boards or authorities as established pursuant to chapter 70.94 RCW, or 33 local health departments:
- 34 (a) Civil penalties imposed pursuant to RCW 18.104.155, 70.94.431, 70.105.080, 70.107.050, 88.46.090, 90.03.600, 90.48.144, 90.56.310, and 90.56.330.

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1 (b) Orders issued pursuant to RCW 18.104.043, 18.104.060, 2 43.27A.190, 70.94.211, 70.94.332, 70.105.095, 86.16.020, 88.46.070, 90.14.130, 90.48.120, and 90.56.330.

- (c) Except as provided in RCW 90.03.210(2), the issuance, modification, or termination of any permit, certificate, or license by the department or any air authority in the exercise of its jurisdiction, including the issuance or termination of a waste disposal permit, the denial of an application for a waste disposal permit, the modification of the conditions or the terms of a waste disposal permit, or a decision to approve or deny an application for a solid waste permit exemption under RCW 70.95.300.
- (d) Decisions of local health departments regarding the grant or denial of solid waste permits pursuant to chapter 70.95 RCW.
- (e) Decisions of local health departments regarding the issuance and enforcement of permits to use or dispose of biosolids under RCW 70.95J.080.
- (f) Decisions of the department regarding waste-derived fertilizer or micronutrient fertilizer under RCW 15.54.820, and decisions of the department regarding waste-derived soil amendments under RCW 70.95.205.
- (g) Decisions of local conservation districts related to the denial of approval or denial of certification of a dairy nutrient management plan; conditions contained in a plan; application of any dairy nutrient management practices, standards, methods, and technologies to a particular dairy farm; and failure to adhere to the plan review and approval timelines in RCW 90.64.026.
- (h) Actions taken by the departments of ecology and fish and wildlife to approve, conditionally approve, or disapprove an instream flow program under section 6 of this act. In reviewing such an action regarding such a program, the board must consider any analysis submitted by the independent science panel under section 6(1)(b) of this act regarding the program.
- (i) Any other decision by the department or an air authority which pursuant to law must be decided as an adjudicative proceeding under chapter 34.05 RCW.
- 35 (2) The following hearings shall not be conducted by the hearings 36 board:
- 37 (a) Hearings required by law to be conducted by the shorelines 38 hearings board pursuant to chapter 90.58 RCW.

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- 1 (b) Hearings conducted by the department pursuant to RCW 70.94.332, 70.94.390, 70.94.395, 70.94.400, 70.94.405, 70.94.410, and 90.44.180.
- 3 (c) Proceedings conducted by the department, or the department's designee, under RCW 90.03.160 through 90.03.210 or 90.44.220.
- 5 (d) Hearings conducted by the department to adopt, modify, or 6 repeal rules.
- 7 (e) Appeals of decisions by the department as provided in chapter 8 43.21L RCW.
- 9 (3) Review of rules and regulations adopted by the hearings board 10 shall be subject to review in accordance with the provisions of the 11 Administrative Procedure Act, chapter 34.05 RCW.
- 12 **Sec. 21.** RCW 34.05.370 and 1998 c 280 s 7 are each amended to read 13 as follows:
 - (1) Each agency shall maintain an official rule-making file for each rule that it (a) proposes by publication in the state register, or (b) adopts. The file and materials incorporated by reference shall be available for public inspection.
 - (2) The agency rule-making file shall contain all of the following:
 - (a) A list of citations to all notices in the state register with respect to the rule or the proceeding upon which the rule is based;
 - (b) Copies of any portions of the agency's public rule-making docket containing entries relating to the rule or the proceeding on which the rule is based;
 - (c) All written petitions, requests, submissions, and comments received by the agency and all other written material regarded by the agency as important to adoption of the rule or the proceeding on which the rule is based;
 - (d) Any official transcript of oral presentations made in the proceeding on which the rule is based or, if not transcribed, any tape recording or stenographic record of them, and any memorandum prepared by a presiding official summarizing the contents of those presentations;
- 33 (e) All petitions for exceptions to, amendment of, or repeal or 34 suspension of, the rule;
- 35 (f) Citations to data, factual information, studies, or reports on 36 which the agency relies in the adoption of the rule, indicating where 37 such data, factual information, studies, or reports are available for

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- review by the public, but this subsection (2)(f) does not require the agency to include in the rule-making file any data, factual information, studies, or reports gathered pursuant to chapter 19.85 RCW or RCW 34.05.328 that can be identified to a particular business;
- 5 (g) The concise explanatory statement required by RCW 34.05.325(6); 6 ((and))
 - (h) Any analysis provided by the independent science panel regarding the rule under section 2(1)(b) of this act; and
 - (i) Any other material placed in the file by the agency.

- (3) Internal agency documents are exempt from inclusion in the rule-making file under subsection (2) of this section to the extent they constitute preliminary drafts, notes, recommendations, and intraagency memoranda in which opinions are expressed or policies formulated or recommended, except that a specific document is not exempt from inclusion when it is publicly cited by an agency in connection with its decision.
- (4) Upon judicial review, the file required by this section constitutes the official agency rule-making file with respect to that rule. Unless otherwise required by another provision of law, the official agency rule-making file need not be the exclusive basis for agency action on that rule.
- **Sec. 22.** RCW 39.34.190 and 2003 c 327 s 2 are each amended to read as follows:
 - (1) The legislative authority of a city or county and the governing body of any special purpose district enumerated in subsection (2) of this section may ((authorize up to ten percent of its)) expend water-related revenues to ((be expended in the implementation of)) implement watershed management plan projects or activities that are in addition to the county's, city's, or district's existing water-related services or activities. ((Such limitation on expenditures shall not apply to additional revenues for watershed plan implementation that are authorized by voter approval under section 5 of this act or to water-related revenues of a public utility district organized according to Title 54 RCW.)) Water-related revenues include rates, charges, and fees for the provision of services relating to water supply, treatment, distribution, and management generally, and those general revenues of the local government that are expended for water management purposes.

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- A local government may not expend for this purpose any revenues that were authorized by voter approval for other specified purposes or that are specifically dedicated to the repayment of municipal bonds or other debt instruments.
 - (2) The following special purpose districts may exercise the authority provided by this section:
 - (a) Water districts, sewer districts, and water-sewer districts organized under Title 57 RCW;
 - (b) Public utility districts organized under Title 54 RCW;
- 10 (c) Irrigation, reclamation, conservation, and similar districts 11 organized under Titles 87 and 89 RCW;
 - (d) Port districts organized under Title 53 RCW;

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- 13 (e) Diking, drainage, and similar districts organized under Title 14 85 RCW;
- 15 (f) Flood control and similar districts organized under Title 86 16 RCW;
 - (g) Lake management districts organized under chapter 36.61 RCW;
 - (h) Aquifer protection areas organized under chapter 36.36 RCW; and
- 19 (i) Shellfish protection districts organized under chapter 90.72 20 RCW.
 - (3) The authority for expenditure of local government revenues provided by this section shall be applicable broadly to the implementation of watershed management plans addressing water supply, water transmission, water quality treatment or protection, or any other water-related purposes. Such plans include but are not limited to plans developed under the following authorities:
 - (a) Watershed plans developed under chapter 90.82 RCW;
- 28 (b) Salmon recovery plans developed under chapter 77.85 RCW;
- 29 (c) Watershed management elements of comprehensive land use plans 30 developed under the growth management act, chapter 36.70A RCW;
 - (d) Watershed management elements of shoreline master programs developed under the shoreline management act, chapter 90.58 RCW;
 - (e) Nonpoint pollution action plans developed under the Puget Sound water quality management planning authorities of chapter 90.71 RCW and chapter 400-12 WAC;
- 36 (f) Other comprehensive management plans addressing watershed 37 health at a WRIA level or sub-WRIA basin drainage level;

1 (g) Coordinated water system plans under chapter 70.116 RCW and 2 similar regional plans for water supply; and

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- (h) Any combination of the foregoing plans in an integrated watershed management plan.
- (4) The authority provided by this section to expend revenues for watershed management plan implementation shall be construed broadly to include, but not be limited to:
- 8 (a) The coordination and oversight of plan implementation, 9 including funding a watershed management partnership for this purpose;
- 10 (b) Technical support, monitoring, and data collection and 11 analysis;
- 12 (c) The design, development, construction, and operation of 13 projects included in the plan; and
- 14 (d) Conducting activities and programs included as elements in the plan.

16 NEW SECTION. Sec. 23. A task force composed of representatives of 17 the department of ecology, the department of community, trade, and economic development, and the conservation commission must conduct a 18 19 study of the feasibility and practical effects of storing storm water 20 on farm lands and of designating areas into which flood waters may be 21 diverted or allowed access for the purposes of both: Enhancing the recharge of aquifers for the release of waters to streams at times that 22 23 would assist in securing needed streamflows; and as a means of reducing 24 potential flood damage from a storm or flood event in this state. the task force finds that such activities if taken in this state would 25 26 likely reduce flood damage, the task force must also identify actions 27 that the state should take to encourage and permit the activities, including incentives the state should provide to promote such 28 29 activities. The task force must report its findings, recommendations, 30 and proposed legislation to implement its recommendations to the 31 governor and the appropriate committees of the legislature by December 31, 2005, at which time the task force expires. 32

NEW SECTION. Sec. 24. (1) The department of ecology must convene and provide staff support for a water resources administration and funding task force. The task force must review the administrative organization and activities of the departments of ecology and fish and

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- wildlife regarding their water resources functions and the statutory 1 2 requirements and authorities for those functions, including those directing the department of ecology's enforcement activities and 3 authorizing the redirection of the use of department of ecology funding 4 and resources. Based on its review, the task force must identify 5 administrative policies and an organizational structure that it 6 believes would provide an efficient and effective water resources 7 program under current law. Once the task force has identified that 8 structure and those policies, the task force shall develop proposals 9 10 for and recommend several options for funding the state's water resource programs, including both operating programs and capital costs 11 12 for water program implementation. The task force must report its 13 findings and its recommendations to the governor and the appropriate 14 committees of the legislature by September 15, 2004.
 - (2) The task force must consist of:

- 16 (a) One representative from each of the following interests: 17 Agriculture, industry, environmental, fisheries, water utilities, and 18 power utilities;
- 19 (b) One representative of cities and one representative of 20 counties;
- 21 (c) Two representatives of Indian tribes, one from eastern 22 Washington and one from western Washington; and
- 23 (d) Three representatives of the executive branch of state 24 government.
- 25 (3) The department of ecology must invite a representative of the 26 United States bureau of reclamation to participate as a member of the 27 task force.

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